**REPORT FORMAT:** CL-1 | Version: 1.0\_2018

# FILE No.: VIS(2021-22)-PL1033-Q213-915-1193 Date: 04-02-2022

* ***CERTIFICATE* NAME:** *Cost Vetting Certificate for Paper Mill plant which is proposed to be installed in Muzaffarnagar.*
* ***PREPARED FOR ORGANIZATION:*** *State Bank of India, SME Branch, Roorkee*
* ***BORROWER COMPANY’S NAME:*** *M/s. Hanumant Paper Mills Private Limited*
* ***ASSET TYPE****: Paper Mill.*
* ***CURRENT LOCATION OF THE MACHINES****: Proposed to be installed at 8.5 km, Jansat Road, Muzaffarnagar, U.P.*

**TO WHOM IT MAY CONCERN**

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| **S. NO.** | **PARTICULARS** | **DESCRIPTION** |
| 1. | Date of Survey | Not Applicable |
| 2. | Date of Certificate | 04-02-2022 |
| 3. | Documents provided for perusal | 1. Quotations from the market (and the respective list) 2. Purchase Bills 3. Purchase Orders |
| 4. | Current Location of the Machines | Proposed to be installed at 8.5 km, Jansat Road, Muzaffarnagar, U.P. |
| 5. | Borrowing Company | M/s. Hanumant Paper Mills Private Limited |
| 6. | Type of Asset | Machinery required for installing Paper Mill |
| 7. | Type of Assessment | Cost vetting |
| 8. | Scope of Assessment | Cost Vetting of the new equipment which has to be/ already purchased by the company |
| 9. | Nature of Machinery | Paper making machines and other general machines |
| 10. | Year of Manufacturing | Plant is currently being installed. |
| 11. | Total Purchase Cost | **Rs.22.32 Cr.** **(excluding GST)** (*Total project Cost including supply and installation as per the List of machinery / quotations / invoices / purchase orders provided by the company)*. |
| 12. | Current Estimated Market Value | The range of current market rates of such type of machinery & equipments is verified from various suppliers and also from the public domain for the new machinery and equipment’s.  As per quotes received from market we are of the view that rate range for establishing the machinery of similar kind of paper mill should be in the range **Rs.21 Cr to Rs.24 Cr.**  According to our observation, the rate as per the list of machinery and their total purchase price provided to us by the company/ bank are quite reasonable when compared to the rates of similar machines currently prevailing in the market.  However, in the last few months, the rates of metal have increased, so we have considered the range accordingly. |
| 13. | Condition of Machines | Some of the machines are already in the plant and some are yet to be purchased or in transit. |

**OBSERVATIONS:**

1. We have been provided with the copy of quotations from the market, bills and purchase orders with cost of machines/ equipment by the borrower company.
2. As per the information provided by the company officials these items are already/planned to be installed at 8.5 km, Jansat Road, Muzaffarnagar, U.P.
3. We have contacted several suppliers for similar items and also enquired in the public domain. Accordingly we have got the quotation from the suppliers and we find that the price given in the list of quotations provided to us is well within the price range of similar items available in the market and seems to be reasonable.
4. In the last few months, the rates of metal have increased, so we have considered the range accordingly.
5. In some of the items which are in provided excel sheet have different values compare to its quotations / invoices provided by the client. But in our quotation we have taken the value of whole machinery accordingly. So the bank is advised to cross verify the list of machinery with quotations provided by the company.
6. In this certificate, we have considered the value only for the main machinery while cost for auxiliary items / softwares have not been included. Due to this, there can be major differences in some items.
7. Based on the information provided by the company (M/s. Hanumant Paper Mills Private Limited) and enquiries made by us in the open market and references found in the public domain for similar machines/items, it is certified that total market cost for setting up plants of similar specification should be around **Rs.21 Cr to Rs.24 Cr** and therefore the total purchase price of **Rs.22,32,13,784/- (excluding GST)** (as per the quotations, bills & purchase orders provided to us by the company) appears to be reasonable.

***Disclaimer:***

* 1. *We can’t comment about the current status of machines whether these are purchased, installed or in transit. This cost vetting is done only on the basis of Quotations, Bills and Purchase Orders provided to us by the company and we don’t recommend any sort of recommendation in our Certificate.*
  2. *The estimated cost verification of item to item can’t exactly match as per our vetting due to several market consideration. In some of the items it is lower while in some of the items price comes to be higher but on an average the price as per list provided to us falls in the range as confirmed by us.*
  3. *There can be variation in the estimated price if the specification & make of any items procured is different from the list provided to us during assessment.*
  4. *The estimated cost verification is made based on the third party information which has been replied upon in good faith.*
  5. *The estimated price may vary at the time of actual procurement because of change in prices in the market for such kind of machinery/items for which we will not have any control. The cost vetting is only limited to the date of Certificate issued. We do not assume any responsibility in change of prices of the said machinery/items after this date.*
  6. *This certificate doesn’t include any work related to drawing, design, sketch plan, procurement of the machines.*
  7. *Ownership and other legal point of view in respect of the asset is not considered in this report as same is out of scope of this certificate.*
  8. *This certificate is made at the request of the Bank.*

**For R.K Associates Valuers** **& Techno** **FOR INTERNAL USE Engineering Consultants (P) Ltd. *TYPED BY: AE Manas Upmanyu***  ***REVIEWED BY: Astt. Manager Inderjeet Rathee***

# ANNEXURE: - I (COMPARISON LIST)

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# ANNEXURE: - II (QUOTATION FROM MARKET)





















